

## MONTHLY OPERATING REPORT

## CHAPTER 11

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EEFor Period Aug. 1 to Aug. 31, 200 9Mark One Box For Each  
Required Report/DocumentTHIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.  
The debtor must attach each of the following reports unless the  
United States Trustee has waived the requirement in writing. File original  
with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(mark only one - attached or waived)		
(x)	( )	Comparative Balance Sheet (Form 2-B)
(x)	( )	Profit and Loss Statement (Form 2-C)
(x)	( )	Cash Receipts & Disbursements Statement (Form 2-D)
(x)	( )	Supporting Schedules (Form 2-E)
(x)	( )	Narrative (Form 2-F)
(x)	( )	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

I declare under penalty of perjury that the following Monthly Financial Report and any  
attachments thereto, are true and correct to the best of my knowledge and belief.Executed on: September 15, 2009Debtor(s)\*: Warehouse 86, LLC

By:\*\*

Position: Chief Financial OfficerName of Preparer: Ernest K. Strahan, IIITelephone No.  
of Preparer: 901-628-8545

\*both debtors must sign if a joint petition

\*\*for corporate or partnership debtor

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE

## COMPARATIVE BALANCE SHEET

## ASSETS:

Filing Date	Month	Month	Month	Month	Month	Month	Month
11/04/08	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	
Cash	89,361	157,703	157,468	158,324	179,444	179,178	104,002
Accounts Receivable, Net	152,270	611	611	611	611	611	611
Inventory, at lower of cost or market	73,633	0	0	0	0	0	0
Prepaid expenses & deposits*	68,702	82,502	82,502	82,502	82,502	82,502	82,502
Other							
<b>TOTAL CURRENT ASSETS</b>	383,966	240,816	240,581	241,437	262,557	262,291	187,115
PROPERTY, PLANT & EQUIPMENT**	2,178,073	0	0	0	0	0	0
Less accumulated depreciation	-1,124,978	0	0	0	0	0	0
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	1,053,095	0	0	0	0	0	0
<b>OTHER ASSETS</b>							
Interests in incorporated businesses	6,573	0	0	0	0	0	0
Insurance claim from tornado & fire, registered name, customer lists (unknown)							
<b>TOTAL OTHER ASSETS</b>	6,573	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	1,443,634	240,816	240,581	241,437	262,557	262,291	187,115

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

\*\*This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

\*This is a corrected number to reflect that the pre-petition retainer of \$35,000 should have properly been shown as a pre-petition legal expense since there was no balance as of the date of the filing of the bankruptcy petition.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

## COMPARATIVE BALANCE SHEET

LIABILITIES:

11/04/08

Mar-09

Apr-09

May-09

Jun-09

Jul-09

Aug-09

POST-PETITION LIABILITIES \*\*\*

Taxes Payable (FORM 2-E, P. 1 of 3)

Accounts Payable (FORM 2-E, P. 1 of 3)\*

Other - DIP Loan

TOTAL POST-PETITION LIABILITIES

PRE-PETITION LIABILITIES \*\*\*

Notes Payable-Secured

Priority Debt

Priority Debt-Unsecured

Unsecured Debt\*\*

Other

TOTAL PRE-PETITION LIABILITIES

TOTAL LIABILITIES

EQUITY (DEFICIT)

PREFERRED STOCK

COMMON STOCK

PAID-IN CAPITAL

RETAINED EARNINGS

Through Filing Date\*\*\*\*

Post Filing Date

TOTAL EQUITY (NET WORTH)

TOTAL LIABILITIES & EQUITY

\*Reflects disputed insurance charge-Recorded June 2009

\*\*Reflects payment of utility charges and insurance premiums pursuant to court order

\*\*\*Reflects updated November pre and post-petition liability balances due to final reconciliation.

\*\*\*\*Post-petition payables applied to pre-petition in April 2009

\*\*\*\*\*This reflects a change to move a \$35,000 pre-petition retainer that should have been a pre-petition legal expense.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

**PROFIT AND LOSS STATEMENT**

	Month Mar-09	Month Apr-09	Month May-09	Month Jun-09	Month Jul-09	Month Aug-09
<b>NET REVENUE</b>	0	0	0	0	0	0
<b><u>COST OF GOODS SOLD:</u></b>						
Material	0	0	0	0	0	0
Labor-Direct	0	0	0	0	0	0
Overhead	0	0	0	0	0	0
<b>TOTAL COST OF GOODS SOLD</b>	0	0	0	0	0	0
<b>GROSS PROFIT</b>	0	0	0	0	0	0
<b><u>OPERATING EXPENSES</u></b>						
Selling & Marketing						
General & Administration (Rents, utilities, salaries, etc.)	2,288	5	(930)	(21,393)	93,189	-18,135
Other						
<b>TOTAL OPERATING EXPENSES</b>	2,288	5	(930)	(21,393)	93,189	(18,135)
<b><u>INTEREST EXPENSE</u></b>	0	230	174	173	237	205
<b>INCOME BEFORE DEPRECIATION OR TAXES</b>	(2,288)	(235)	756	21,220	(93,426)	17,930
<b><u>DEPRECIATION OR AMORTIZATION:</u></b>						
OTHER INCOME	0	0	0	0	0	0
<b>GAIN/LOSS ON DISPOSAL OF FIXED ASSETS</b>	0	0	0	0	4	50
<b>NET INCOME (LOSS)</b>	(2,288)	(235)	756	21,220	(93,422)	17,980

\*Requires explanation in NARRATIVE (FORM 2-F).

FORM 2-C

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period Aug. 1 to Aug. 31, 200 9**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		<u>\$ 179,178</u>
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	<u>\$ 18,192</u>	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	<u>\$ 93,368</u>	
4.	Net Cash Flow		<u>\$ (75,176)</u>
5.	Ending Cash Balance (to FORM 2-B)		<u>\$ 104,002</u>

**CASH SUMMARY - ENDING BALANCE**

	<u>Amount*</u>	<u>Financial Institution</u>
1. Operating Account	\$ -	Bank of America-3903
2. Operating Account	\$ -	Bank of America-9451
3. Payroll Account	\$ -	Bank of America-5429
4. Sales Account	\$ -	PayPal
5. Sales Account	\$ -	PayPal Alt
6. Money Market Account	\$ 6,855	Bank of America-DIP
7. Operating Account	\$ 84,301	Bank of America-DIP
8. Payroll Account	\$ 12,846	Bank of America-DIP Payroll
<b>TOTAL (must agree with line 5 above)</b>	<u>\$ 104,002</u>	

\*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

**ADJUSTED CASH DISBURSEMENTS**

Cash disbursements on Line 3 above less  
inter-account transfers & UST fees paid \$ 93,368

\*NOTE: This amount should be used to  
determine UST quarterly fees due and agree  
with Form 2-D, page 2 of 4.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY**

MONTH ENDED AUGUST 2009

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ 27,100			
February	\$ 55,934			
March	\$ 4,487			
Total				
1st Quarter	\$ 87,521	\$ 975 (\$650 credit)		
April	\$ 1,286			
May	\$ 174			
June	\$ 273			
Total				
2nd Quarter	\$ 1,733	\$ 325 (\$325 credit)		
July	\$ 270			
August	\$ 93,368			
September	\$			
Total				
3rd Quarter	\$ 93,638			
October	\$			
November	\$			
December	\$			
Total				
4th Quarter	\$ 0	\$		

Fee Schedule  
DISBURSEMENT CATEGORY

## QUARTERLY FEE DUE

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

\*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

Form 2-D

Page 2 of 4

CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Aug. 1 to Aug. 31, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
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Total Cash Receipts \$

CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Aug. 1 to Aug. 31, 200 9

Account Name: DIP-Payroll Account Account Number: 3755555454

**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
08/31/2009	Interest Income	7.12

Total Cash Receipts \$ 7.12



CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Aug. 1 to Aug. 31, 200 9

Account Name: Bank of America-DIP Account Number: 3755551953

**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
8/1/09	Phoenix City Treasurer-refund of sales tax	50.00
8/7/09	AIG Refund - Workers' Compensation	18,135.00

Total Cash Receipts \$ 18,185.00

CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Aug. 1 to Aug. 31, 200 9

Account Name: DIP-General Account Account Number: 3755551953

**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
08/01/2009		Bank of America	Service charge	\$185.73

Total Cash Disbursements \$185.73

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Aug. 1 to Aug. 31, 200 9

Account Name: DIP-General Account Account Number: 375555545

**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>
08/14/2009	20100	Butler Snow	Legal Fees
09/01/2009		Bank of America	Service charge

Total Cash Disbursements

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

4

Amount

\$93,156.37  
\$0.05

\$93,156.42

CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Aug. 1 to Aug. 31, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
08/01/2009		Bank of America	Service Charge	26.17

Total Cash Disbursements \$ 26.17

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.





CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

**SUPPORTING SCHEDULES**

For Period Aug. 1 to Aug. 31, 2009

**INSURANCE SCHEDULE**

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

\*\*Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

**Note: All insurance policies are expired, as there are no employees or property to insure.**

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.



CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

### NARRATIVE STATEMENT

For Period Aug. 1 to Aug. 31, 2009

Please provide a brief description of the significant business and legal action by the debtor, its creditors or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor's efforts during the month to rehabilitate the business and to develop a plan.

1. What is the main purpose of the document?  
 2. What are the key findings of the study?  
 3. What are the limitations of the study?  
 4. What are the implications of the study?  
 5. What are the conclusions of the study?  
 6. What are the recommendations of the study?  
 7. What are the future research directions?  
 8. What are the acknowledgments?  
 9. What are the references?  
 10. What are the appendices?

**Bank of America**

H

CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2406

Account Number 3755555454  
01 01 152 01 M0000 E# 1  
Last Statement: 07/31/2009  
This Statement: 08/31/2009

Customer Service  
1-877-757-8233

WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION 08-03423  
MMS ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

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Bankruptcy Case Number: 0803423

Effective October 1, 2009, a pricing increase will occur for some services provided by Bank of America's Automated Account Service, Service on Line or service provided by a Customer Service Representative Assistance. The new price for statement and photocopy requests are \$10.00 per item. An additional \$25.00 fee per occurrence is assessed for CSR Assistance when the service request is available through one of Bank of America's automated services. The fees will be debited from your account. If you are interested in learning more about our automated services, please contact your banking representative.

**MONEY MARKET SAVINGS****Account Summary Information**

Statement Period 08/01/2009 - 08/31/2009	Statement Beginning Balance	100,004.11
Number of Deposits/Credits 1	Amount of Deposits/Credits	7.12
Number of Checks 1	Amount of Checks	93,156.37
Number of Other Debits 1	Amount of Other Debits	.05
	Statement Ending Balance	6,854.81
Number of Enclosures 1	Service Charge	.05

**Interest Information**

Amount of Interest Paid 7.12	Interest Paid Year-to-Date	11.23
Annual Percentage Yield Earned .14%		

**Deposits and Credits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
08/31		7.12	INTEREST PAID ON 31 DAYS AVERAGE COLLECTED BALANCE OF	09840004251
			\$57,933.49	

**Withdrawals and Debits****Checks**

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
20100	93,156.37	08/18	7392524108				

**Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
08/31		.05	FDIC ASSESSMENT	

**Bank of America**

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CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2406

Account Number 3755551966  
01 01 152 01 M0000 E# 0  
Last Statement: 07/31/2009  
This Statement: 08/31/2009

Customer Service  
1-877-757-8233

WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION 08-03423  
PAYROLL ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

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Bankruptcy Case Number: 0803423

**ANALYZED CHECKING****Account Summary Information**

Statement Period 08/01/2009 - 08/31/2009	Statement Beginning Balance	12,872.16
Number of Deposits/Credits 0	Amount of Deposits/Credits	.00
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	26.17
	Statement Ending Balance	12,845.99
Number of Enclosures 0	Service Charge	.00

**Withdrawals and Debits****Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
08/17		26.17	Account Analysis Fee ANALYSIS CHARGE JULY BILLING FOR DETAIL 37555-51966	0879004491

**Daily Balances**

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
07/31	12,872.16	12,872.16	08/31	12,845.99	12,845.99
08/17	12,845.99	12,845.99			

**Bank of America**H<sup>H</sup>

CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2406

Account Number 3755551953  
01 01 152 01 M0000 E# 0  
Last Statement: 07/31/2009  
This Statement: 08/31/2009

Customer Service  
1-877-757-8233

WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION 08-03423  
GENERAL PAYABLES ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

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Bankruptcy Case Number: 0803423

**ANALYZED CHECKING****Account Summary Information**

Statement Period 08/01/2009 - 08/31/2009	Statement Beginning Balance	66,583.15
Number of Deposits/Credits 2	Amount of Deposits/Credits	18,185.00
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	185.73
	Statement Ending Balance	84,582.42
Number of Enclosures 0	Service Charge	.00

**Deposits and Credits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
08/26		50.00	TN BANKING CENTER DEPOSIT	
08/26		18,135.00	TN BANKING CENTER DEPOSIT	1004020599686 1004020599684

**Withdrawals and Debits****Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
08/17		185.73	Account Analysis Fee ANALYSIS CHARGE JULY BILLING FOR DETAIL 37555-51953	08790044913

**Daily Balances**

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
07/31	66,583.15	66,583.15	08/26	84,582.42	66,397.42
08/17	66,397.42	66,397.42	08/31	84,582.42	83,491.32